

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

Domestic Section 214 Application Filed for  
the Acquisition of Assets of NationsLine  
New Jersey, Inc., NationsLine Delaware,  
Inc., and NationsLine North, Inc. by  
Infinite Communication, LLC

WC Docket No. 07-40

**COMMENTS**

Verizon<sup>1</sup> requests that the Commission remove this Application<sup>2</sup> from streamlined processing and conduct a further investigation as to whether this proposed transfer is in the public interest. Verizon is concerned that the underlying transaction is part of an unlawful scheme to shift customers between a series of business entities to avoid paying lawful debts.

The NationsLine Application involves an asset purchase agreement between Infinite Communications, LLC (“Infinite”) and NationsLine New Jersey, Inc., NationsLine Delaware, Inc., and NationsLine North, Inc. (collectively, “NationsLine”). App. at 6. Under this agreement, Infinite will acquire from NationsLine “equipment, various contracts, *customers* and governmental authorizations related to the business of

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<sup>1</sup> The Verizon companies participating in this filing (“Verizon”) are the regulated, wholly owned subsidiaries of Verizon Communications, Inc.

<sup>2</sup> Domestic Section 214 Application Filed for the Acquisition of Assets of NationsLine New Jersey, Inc., NationsLine Delaware, Inc., and NationsLine North, Inc. by Infinite Communication, LLC, (filed February 28, 2007) (“App.”).

providing telecommunications services to customers in New Jersey, Pennsylvania and Delaware” App. at 6 (emphasis supplied). Upon completion of the transaction, NationsLine will cease operations and surrender state authorizations. App. at 6.

Under the Commission’s rules, the Commission can remove an application from streamlined processing in appropriate circumstances, such as where commenters “raise public interest concerns that require further Commission review” 47 C.F.R. § 63.03(c) (iv) and where the Commission “determines that the application requires further analysis to determine whether a proposed transfer of control would serve the public interest.” 47 C.F.R. § 63.03(c) (v). The Commission should investigate whether NationsLine lawfully acquired the customers it now proposes to transfer to Infinite and whether it is in the public interest to allow NationsLine to transfer those customers to Infinite.

NationsLine New Jersey, Inc. is a closely held affiliate of CAT Communications International, Inc. (“CAT”). Verizon has been in litigation with CAT since 2002 to collect millions of dollars in unpaid bills. In October 2005, the New Jersey Board of Public Utilities found that CAT owed Verizon \$12 million in unpaid charges. CAT and its principals, however, are playing a shell game in order to avoid paying this debt.

First, while litigation was still pending in New Jersey, CAT transferred its customers to NationsLine New Jersey, Inc. As the Administrative Law Judge explained, “[w]ithout notice or justification to the Court, or the Board Staff, CAT, in 2005 has shifted its entire customer base and sole revenue source to an affiliation or subsidiary, [NationsLine] New Jersey, Inc.”<sup>3</sup> and that “[w]hatever the intent of the transfer, the end

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<sup>3</sup> *Petition of CAT Communications International, Inc., Requesting that Sprint Communications Company, L.P. Be Required to Allow Dial Around Calling and*

result may be to deprive CAT of its revenue stream and render it judgment proof to legitimate Board orders.”<sup>4</sup> Because CAT’s transfer of customers raised “the spectrum of questions of abuse of process, compliance with New Jersey law and CAT or its affiliate [NationsLine’s] standing to do business in New Jersey,” the ALJ recommended an escrow payment as “the only reasonable and proper course for the protection of the Board’s authority, which has afforded CAT full asylum in running up unpaid bills to 12 million during the course of this proceeding.”<sup>5</sup>

Second, the principals of CAT and NationsLine are now planning to sell those same customers to Infinite and to discontinue NationsLine business operations. App. at 2. There is no legitimate business purpose to this transaction. It is simply another step in a series of unlawful transactions by the principals of CAT and NationsLine to sell their customers without paying their debts.

There is also no public interest benefit to the transfer of customers from NationsLine to Infinite. According to the Applicants, “grant of this Application will serve the public interest by strengthening the competitive position of Infinite.” App. at 8. But Infinite has no competitive position because it “was formed for the purpose of acquiring the assets of NationsLine” and “does not currently hold any state

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*Alternatively for Relief from the Payment of Verizon’s Tariff for Blocking Dial Around Calls*, BPU Docket No. TC01080546, OAL Docket No. PUC 8139-01, Recommended Decision at 4 (July 26, 2005).

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 5. Although the New Jersey Board of Public Utilities did not impose an escrow requirement on CAT when it issued its final order, the Superior Court of New Jersey, Appellate Division, reversed the Board on this issue and ordered CAT to post a bond within 30 days. *CAT Communications International, Inc.*, Docket No. A-001876-05T3, Order (N.J. Sup. Court App. Div. March 15, 2007).

telecommunications authorizations or Commission authorizations to provide domestic interstate or international telecommunications services.” App. at 3. The proposed transaction will simply transfer customers from one business entity to another. This simple transfer will not enhance competition in any marketplace.

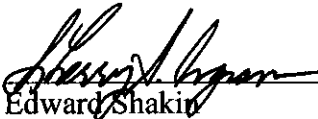
Moreover, there is substantial doubt as to whether Infinite would pay its debts to Verizon for the underlying wholesale services used to serve these customers. According to the Application, the principals of Infinite are the same principals of another competing telecommunications carrier, Line Systems, Inc., which operates in New Jersey, Delaware, Pennsylvania, New York and Maryland. App. at 4. Line Systems, Inc. is currently in arrears to Verizon for nearly one million dollars in undisputed charges for Verizon’s wholesale services.

## CONCLUSION

For these reasons, Verizon requests that the Commission remove this application from streamlined processing and conduct a further investigation as to whether this transaction is in the public interest.

Respectfully submitted,

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